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From: Travis, Robert (FID)
Sent: Monday, October 10, 2005 1:35 PM
To: Gomez, Javier (FID); Burns, Ronald (FID); VanessaPilar@aol.com
Cc: Barrow, Pamela (FID); Peterson, Anton (FID)
Subject: FW: NCEN Update
Hey Guys,

Down at the bottom of this e-mail string is an update that I had sent internally, and Pamela asked that I forward it along to everyone. The trade this month is not your "typical" NCEN trade and trends are very obvious. Vanessa was on this deal with me for the first two weeks and she can confirm that the credit decisions being made by NCEN are not in line with past trades. In speaking with John Stiker he also confirmed the trade he and Ron just completed was a higher than typical kick rate.

I have seen the benefit of keeping New York and Boca in the loop and I would suggest that if there are any issues on your deals you might do the same.

Good Luck in your trades,

Rob

From: Barrow, Pamela (FID)
Sent: Monday, October 10, 2005 1:21 PM
To: Dicker, Adrienne (FID); Travis, Robert (FID)
Cc: Peterson, Anton (FID); Atadika, Michael (FID); Teytel, Anna (FID); Shapiro, Steven (FID)
Subject: RE: NCEN Update

Rob, I appreciate your holding the line on credit risk - especially during current times. The 100%, Stated Doc loans are our most risky and most prevalent in default - we should continue to place a greater critical eye on these - We value our relationship with New Century - and rather than our getting into a difficult situation with due dil folks on-site and causing later surprise to both teams - it was much more appropriate to the relationship to send to internal groups this type of summary and color update in addition to regular daily reporting - it helps Steve manage the client relationship and Adrienne to manage their expectations. Thanks and please forward your e-mail to the due dil team as a sample :)

P

From: Dicker, Adrienne (FID)
Sent: Friday, October 07, 2005 4:40 PM
To: Travis, Robert (FID); Barrow, Pamela (FID)
Cc: Peterson, Anton (FID); Atadika, Michael (FID); Teytel, Anna (FID); Shapiro, Steven (FID)
Subject: RE: NCEN Update

Rob - thanks again for the heads up and the additional color on the call; this is not surprising and we need to be maintaining our credit standards - if you think these loans need to be kicked let's not hesitate. I've put a call into Bob Lent to make sure he's aware of the magnitude of loans pending response so that he can manage that process. It sounds like we may very well have a higher kick rate this month. Thanks for giving us the heads up so we can manage NCEN's response rate and expectations.

Adrienne Dicker - Vice President

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From: Travis, Robert (FID)
Sent: Friday, October 07, 2005 2:34 PM
To: Dicker, Adrianne (FID); Barrow, Pamela (FID)
Cc: Peterson, Anton (FID); Atadika, Michael (FID); Teytel, Anna (FID)
Subject: RE: NCEN Update

Sure,
Call me on my cell and we can discuss
Rob

From: Dicker, Adrianne (FID)
Sent: Friday, October 07, 2005 2:30 PM
To: Travis, Robert (FID); Barrow, Pamela (FID)
Cc: Peterson, Anton (FID); Atadika, Michael (FID); Teytel, Anna (FID)
Subject: RE: NCEN Update

Hi Rob – would like to talk about this – we have a call with Acoustic that probably will last 30-45 minutes; can we talk around say 3:30 pm EST? thx

Adrianne Dicker - Vice President

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From: Travis, Robert (FID)
Sent: Friday, October 07, 2005 2:14 PM
To: Barrow, Pamela (FID)
Cc: Peterson, Anton (FID); Atadika, Michael (FID); Dicker, Adrianne (FID); Teytel, Anna (FID)
Subject: NCEN Update

I wanted to give a little color on the NCEN October trade at roughly half way through the underwrite.

As many of you know, the first two tapes were somewhat small and caused delays in underwriting. Roughly we are a day or so behind. Nothing we can't manage. My concern to date has more to do with the quality of the files and the product that the borrowers are being placed.

As of end of day Thursday Clayton has underwritten 1046 files, of which 789 were kicked (183 are HUD only). 606 loans passed to Morgan for review. Currently there are 554 loans on the Credit Event 3 report—more than half of the underwritten files (this does not include the responses that have been cleared to date).

40 Mass BBI loans kicked— 30 are IO kicks with more to come.

High risk loans with first time homebuyers, meeting credit grade requirements, but purchasing high end properties at 100% CLTV Stated. Large loan amount exceptions, heavy payment shock, and N/O/O exceptions.

Overall I would say the loans are riskier than I have seen in the past, resulting in a heavier kick rate.

If you have any questions don't hesitate to call.

Rob

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